

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4577-01
Bill No.: HB 1871
Subject: Tax Credits; Taxation and Revenue- Income; Revenue Department
Type: Original
Date: March 14, 2012

Bill Summary: This proposal prohibits the issuance of a tax credit under certain programs for an otherwise qualifying job under certain circumstances when the jobs are relocated from a contiguous state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on General Revenue Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Budget and Planning** assume this proposal would prohibit the use of certain economic incentives for job relocation or creation within 30 miles of the border of a contiguous state if the contiguous state has a similar prohibition. This could increase General and Total State Revenues by an unknown amount.

Officials at the **Department of Economic Development (DED)** assume this proposal prohibits the issuance of a tax credit under certain Missouri tax credit programs for an otherwise qualifying job when the jobs are relocated from a contiguous state within 30 miles of the state border if the contiguous state prohibits tax credits for jobs or does not award job relocation incentives. DED is unable to determine the exact fiscal impact this proposal would have; and therefore responds with an unknown impact.

Oversight assumes it is unclear which projects could have a savings from not issuing tax credits because of this proposal. Oversight for the fiscal note will show the range as zero to Unknown savings.

Officials at the **Department of Revenue** assume there is no fiscal impact from this proposal.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state it is unknown how many insurance companies will choose to participate in this program and take advantage of the tax credits. The department has no means to arrive at a reasonable estimate of loss in premium tax revenue as a result of tax credits. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts through out the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year.

FISCAL IMPACT - State Government

FY 2013
(10 Mo.)

FY 2014

FY 2015

GENERAL REVENUE

Savings- Dept of Economic Development \$0 to Unknown \$0 to Unknown \$0 to Unknown
not issuing tax credits

**ESTIMATED NET EFFECT ON
GENERAL REVENUE**

\$0 to Unknown \$0 to Unknown \$0 to Unknown

FISCAL IMPACT - Local Government

FY 2013
(10 Mo.)

FY 2014

FY 2015

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

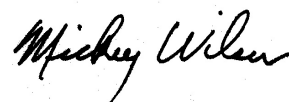
FISCAL DESCRIPTION

This proposal prohibits the issuance of a tax credit under certain programs for an otherwise qualifying job under certain circumstances when the jobs are relocated from a contiguous state.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Budget and Planning
Department of Economic Development
Department of Insurance, Financial Institutions and Professional Registration
Department of Revenue



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March 14, 2012

JH:LR:OD